



Newconex Holdings Limited

Preliminary Report

to the Shareholders

as at June 30, 1971

POSTAL ADDRESS

P.O. Box 40, TORONTO-DOMINION CENTRE
TORONTO 1, ONTARIO

NEWCONEX HOLDINGS LIMITED

To the Shareholders:

We are pleased to present this preliminary report on the affairs of your Company as at June 30, 1971. Included herein is the consolidated statement of income and retained earnings for the year ended June 30, 1971 (unaudited) and for the previous fiscal year. The Annual Report containing the Directors' Report to the Shareholders will be forwarded to shareholders in due course.

The results of operations for the year ended June 30, 1971, with the corresponding figures for the previous year, are summarized as follows:

	1971	1970
Net income before realized appreciation on investments	\$ 624,415	\$ 536,368
Realized appreciation on investments — net	✓ 1,312,348	216,308
Net income	<u>\$1,936,763</u>	<u>\$ 752,676</u>

The 1970 figures include the operations of Pacific Truck & Trailer Mfg. Ltd., which subsidiary was sold as of July 1, 1970. The gain recorded to date on the sale of Pacific Truck, \$810,814, is included in realized appreciation on investments of \$1,312,348 for the year ended June 30, 1971. The gain on the sale of Pacific Truck does not include an amount of \$340,000 retained by the purchaser to cover certain warranties contained in the sale agreement.

As at June 30, 1971, the consolidated net assets of the Company, including marketable securities at market values, amounted to \$17,925,000 or \$8.62 per share, which compares with \$7.34 per share as at June 30, 1970.

In June 1971 the Company declared a dividend of 18 cents per share, which was paid on July 6, 1971. The dividend for the previous fiscal year was 15 cents per share.

W. A. Robinson,
President.

Toronto, Canada,
July 27, 1971.

NEWCONEX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended June 30, 1971

(Preliminary figures subject to audit)

	1971	1970
Income from investments and operations	<u>\$1,699,113</u>	<u>\$1,818,330</u>
Administration, technical and general expenses	436,642	399,880
Write-down of trading securities to market value ..	✓ 168,468	327,156
	<u>605,110</u>	<u>727,036</u>
Income before income taxes ..	1,094,003	1,091,294
Provision for income taxes ..	424,671	490,678
	<u>669,332</u>	<u>600,616</u>
Minority interest	44,917	64,248
Net income before realized appreciation on investments	<u>624,415</u>	<u>536,368</u>
Realized appreciation on investments	1,312,348	216,308
Net income	<u>1,936,763</u>	<u>752,676</u>
Retained earnings — beginning of year	4,954,686	4,520,038
	<u>6,891,449</u>	<u>5,272,714</u>
Deduct:		
Dividend	374,116	311,764
Excess of cost of shares of subsidiary of the book value of its net assets at the date of acquisition ..	—	6,264
	<u>374,116</u>	<u>318,028</u>
Retained earnings — end of year	<u>\$6,517,333</u>	<u>\$4,954,686</u>
Earnings per share:		
Net income before realized appreciation on investments	<u>30¢</u>	<u>26¢</u>
Net income	<u>93¢</u>	<u>36¢</u>

Notes: Net income for the year ended June 30, 1970 includes the operating results of Pacific Truck & Trailer Mfg. Ltd., which subsidiary was sold as of July 1, 1970.

Sales of industrial subsidiaries for the year ended June 30, 1971 were \$15,348,242. (1970 — \$12,265,298)